

House File 183 - Introduced

HOUSE FILE _____
BY RAECKER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing for an individual income tax deduction for
2 contributions made to a qualified tuition program established
3 by a state other than Iowa and including effective and
4 retroactive applicability date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 1914HH 82
7 mg/es/88

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1 1 Section 1. Section 422.7, Code 2007, is amended by adding
2 the following new subsection:
1 3 NEW SUBSECTION. 32A. a. Subtract contributions made by
1 4 the taxpayer as a participant in a qualified tuition program,
1 5 as defined in section 529(b) of the Internal Revenue Code,
1 6 established by a state other than Iowa or an agency or
1 7 instrumentality of such state. The maximum amount that may be
1 8 subtracted under this paragraph equals the maximum amount that
1 9 is deductible under section 12D.3, subsection 1, paragraph
1 10 "a", for contributions made to the Iowa educational savings
1 11 plan trust minus any amount subtracted pursuant to subsection
1 12 32, paragraph "a", of this section.
1 13 b. Add the amount of cash refunds or withdrawals refunded
1 14 to the taxpayer as a participant in a qualified tuition
1 15 program that is not used to satisfy qualified higher education
1 16 expenses, as defined in section 529(e) of the Internal Revenue
1 17 Code, to the extent previously deducted under paragraph "a".
1 18 Sec. 2. EFFECTIVE AND RETROACTIVE DATE. This Act, being
1 19 deemed of immediate importance, takes effect upon enactment
1 20 and applies retroactively to January 1, 2007, for tax years
1 21 beginning on or after that date.

EXPLANATION

1 23 This bill allows for an individual income tax deduction for
1 24 contributions made to a qualified tuition program established
1 25 by a state other than Iowa. The program is the counterpart to
1 26 the Iowa educational savings plan trust (state program) and
1 27 allows a taxpayer to make contributions to a trust set up in
1 28 the name of a designated beneficiary to pay the costs
1 29 associated with higher education. The amount that may be
1 30 deducted is the maximum amount that may be deducted for
1 31 contributions to the Iowa state program (almost \$2,600 for tax
1 32 year 2006, to be adjusted for inflation) less any amount that
1 33 has been deducted for the tax year for contributions to the
1 34 Iowa state program.

1 35 The bill also provides that any refunds or withdrawals made
2 1 which the taxpayer receives and which are not used for
2 2 qualified tuition costs are to be included in income to the
2 3 extent previously deducted.

2 4 The bill takes effect upon enactment and applies
2 5 retroactively to January 1, 2007, for tax years beginning on
2 6 or after that date.

2 7 LSB 1914HH 82
2 8 mg:rj/es/88.1